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The Mongolia Monitor

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Spring of a sort has come to Mongolia, complete with frequent wind and dust storms, temperatures that soar into the sixties during the day and plunge into the teens at night, and beautiful blue skies that alternate with snow flurries. Amid this background, USAID was pleased to welcome back Senior Program Manager Jeff Goodson, who returned in late March after a two-month TDY to Afghanistan. Jeff got here just in time to say hello and goodbye to Program Officer Cory Johnston, who departed at the end of the month for a four-week training rotation with our colleagues in USAID/Philippines.

Political Update

The uncertain climate was mirrored by a very fluid political situation. As April began, various groups – ranging from the Radical Reform Movement and dissatisfied pensioners to the uncompensated victims of a large fire at the SAPU warehouse in December - had set up “protest gers” and embarked on a “sitting strike” in Sukhbaatar Square. Representatives of the youth wing of the Civil Will Party have also been on scene conducting a survey of public attitudes toward corruption, and recently the demonstrators have been joined by representatives of the Democratic Party. Estimates of the crowd at any given time range from the low hundreds to 3,000, and while so far there has been little if any violence (apart from the broken windows of a few police cars), the disruption to Ulaanbaatar traffic patterns caused by the demonstrators’ practice of blocking the city’s main street, Peace Avenue, every afternoon has been impressive. The more extreme of the demonstrators have called for the President, the Prime Minister, the Cabinet, and the entire State Great Hural to resign immediately on the grounds that they are corrupt and are on the brink of giving away the national patrimony by signing a Stability Agreement with Ivanhoe Mines; no such resignations appear imminent. Recently ousted Prime Minister Elbegdorj, who was elected in late March as the new Chairman of the Democratic Party, addressed the demonstrators on Friday and called on the government to meet with the demonstrators. Meanwhile, the New York Times reports that 26 Democratic Party lawmakers walked out of the Parliament in solidarity with the protests.

USAID PROGRAM NEWS

STRATEGIC OBJECTIVE 1: PRIVATE SECTOR-LED ECONOMIC GROWTH

Economic Policy Reform and Competitiveness Project (EPRC)

Chemonics

www.eprc-chemonics.biz

Economic, Financial, and Trade Policy Support

Tax Reform

Tax Law Drafting: EPRC continued working on drafting a simplified Mongolian VAT law in March. Also in March, the Parliamentary Tax Working Group (PTWG) completed point-by-point recommendations on the Personal Income Tax (PIT) proposals from the Ministry of Finance (MoF), and was working on Legal Entity Income Tax (LEIT; aka Corporate Income Tax) and Value Added Tax (VAT) recommendations.

Tax Reform Facilitation: Tax reform facilitation meetings continued in March, including follow-up meetings with the Chairs of key Parliamentary standing committees and with representatives of the General Department of National Taxation (GDNT). Parliament remains committed to discussing the tax laws early in the spring session.

GDNT Assistance: EPRC staff met with the GDNT to discuss assistance that it has requested in drafting regulations and providing explanatory materials on concepts expected to be contained in the tax package, once passed. A second meeting was also held to confirm the transfer of tax administration assistance responsibilities from EPRC to the World Bank. The World Bank is negotiating a multi-year activity within its Governance Assistance Project (GAP) for this purpose.

Shadow Economy Study: EPRC continued analyzing data in March from the most comprehensive national household survey ever carried out in Mongolia. The study, commissioned jointly by USAID with the National Statistics Office (NSO) and the Open Society Forum (OSF), attempts to calculate the size of the shadow economy. Previous studies have covered different segments of the informal/shadow economy, but none has calculated the “total shadow”. The project is currently recalculating the 2004 gross domestic product (GDP) of Mongolia, including estimates of both the informal and shadow economy. The results suggest that the income generated by the formal economy amounts to about one-half of total domestic income; the other half is attributed to activities of the informal and shadow economy.

Collaboration with the National Statistics Office: EPRC offered two seminars in the NSO in March, one on the social accounting matrix and another on the shadow economy. Several meetings with NSO officials were also held to discuss joint EPRC–NSO projects. Issues included joint seminars, a summer economic policy school, internships, other training, a survey of NSO users, publication of a bilingual glossary of statistics/economics/policy terminology, calculation of the producer price index (including price indexes needed for fuel cost escalators in the energy sector), the shadow economy, the 2004 household survey, quarterly GDP statistics, recalculation of official GDP figures (2000–2005), SAM/GDP and national accounts, modeling (input–output and computable general equilibrium), support for the “Statistical Development Program, 2006–2010”, assistance in the formulation of the NSO “Action Plan”, and assistance in the organization of and contribution to statistics workshops to be organized in April.

Cluster and Business Development Support

Tourism

Tourism Portal: The EPRC-initiated tourism portal was launched at an industry reception held on March 24. The launch of the portal, *Welcome2Mongolia* (W2M), attracted an audience of over one hundred tour operators and service providers. The portal will provide comprehensive information on all aspects of tourism in Mongolia, on-line booking services with electronic payment settlement, and an interactive inquiry service and forum. The company, W2M Ltd, will be owned and operated as a commercial company. EPRC is now assisting W2M in engaging the Mongolian International Credit Corporation (MICC) to prepare a prospectus and business plan for a private offering to sell shares and raise \$50,000 in start-up capital. The portal is available on-line at <http://www.welcome2mongolia.com/>.

Tourist Guide Training: The first group of graduates of the tourist guide training program, conducted through the Mongolian Tourism Guides Association, graduated on March 27. The program will train 60 guides over a 12-week period. On successful completion of the program, participants will become members of the association and will be guaranteed jobs for the season.

Ger Camp Association Training: The EPRC team is assisting 'Nomadic Urtuu', a newly formed ger camp association, to develop and implement training programs for members. The training covers all aspects of hospitality management and is designed to ensure consistent service in any of the 16 member camps. The first training sessions were conducted in March.

Natural Fibers

Cashmere Linkages with US: George Segal, the EPRC cashmere intermediary in New York, opened a cashmere showroom in New York representing the cashmere companies that visited the USA in February 2006. The showroom, located on Broadway, will be financed from commissions earned from orders from US buyers.

Business Development Fund: The Business Development Fund is currently working with two cashmere companies to install new plant and upgrade existing equipment to meet the challenges accruing from the recent interest in Mongolian cashmere. To date, \$2.5 million has been invested in the industry since September 2005.

Finance

Housing Finance: On March 30, nine commercial banks and the Bank of Mongolia signed a Memorandum of Understanding (MOU) to establish a Housing Finance Corporation (HFC). Khaan Bank, Anod, Golomt, Mongol Post, Trade and Development, Xacbank, Zoos, Capitron and Capital committed to working towards establishing HFC as a private sector-controlled company. Signing of the MOU was the culmination of three working meetings that EPRC helped organize. When established, HFC will initially:

- Advise and assist the government on legal, regulatory and institutional issues necessary to promote development of the mortgage market
- Promote short-term incremental loans in the *ger* areas
- Encourage and support the growth of the primary mortgage market, including standardizing underwriting policies and documentation
- Lay the groundwork for secondary mortgage market development
- Raise medium to long-term funds both through the sale of its securities or as a direct borrower.

Employee Stock Ownership Plans: On March 17, David Binns, an internationally recognized expert on the use of employee stock ownership plans (ESOPs), made a presentation on International Best Practices and Practical Considerations for the use of ESOPs in Mongolia. In attendance were representatives of the public and private sectors, including companies, financial advisers, bankers, policy makers and government officials who have a direct or indirect interest in an ESOP and related stock compensation plans. EPRC brought in Mr. Binns at the request of the State Property Committee to develop recommendations on the use of ESOPs in Mongolia's privatization plans.

Energy Sector Support

Energy Regulatory Reform, Market and Tariff Advisor: USAID approved Mr. Russell C. Brown to join the EPRC team as long-term Senior Energy Advisor. He will be joining the Energy Team full-time on April 10th. Horst Meinecke will remain through the end of his contract in September. During the transition period, Russ will concentrate his efforts on energy policy and market and regulatory reforms, while Horst will concentrate on pending short-term issues such as revisions to the energy law, the development of bilateral power purchase and sales agreements, a standard coal procurement contract, and the development of a concession law and associated concession agreements.

Market Rules: At the end of March, Mr. Michael Bekker completed a short-term assignment to draft a set of bilateral market rules and operating procedures. The project organized a series of meetings throughout the consultancy with individual and group stakeholders. All enthusiastically endorsed the proposed principles and rules; full implementation, however, will have to wait until the ongoing installation of meters is completed in the summer of 2007 with assistance from KfW, and funds are found and allocated for data gathering, market clearing software, training, and dispatch simulation software at the National Dispatch Center (NDC). As identified by EPRC expert Doug Bowman, upgrading the capabilities of NDC in these areas will require an additional \$1-1.5 million of funding.

Meeting with New Minister of Fuel and Energy: On March 27 senior EPRC representatives accompanied Ambassador Pamela Slutz and USAID Senior Program Manager Jeff Goodson to an introductory meeting with new Minister of Fuel and Energy Erdenebat. During the meeting Ambassador Slutz informed the Minister that USAID regards the energy sector as a continued priority for USG support due to its importance for the economic development of Mongolia.

Energy Sector Asset Accounting: EPRC and the ERA's Regulatory Auditor jointly presented the new asset accounting requirements to Power Plants 3 and 4 in March. The plants have now formed multi-disciplinary teams to conform to Government Resolution 233, which changes the methodology for setting asset lives.

ERA Regulatory Auditors: The project team assisted the ERA in the selection and hiring of two auditors in March, bringing the staffing up to the desired level of three. The auditors will receive training both from the ERA auditor that the project previously trained, and directly from EPRC.

Public Education/National Dialogue Support

Essential Business Laws: Translation and review of the 54 business laws that have been updated with all amendments in both Mongolian and in English—as well the 50 investment and taxation treaties of which Mongolia is a signatory—is proceeding more slowly than expected. This delay is due to the scarcity of well-trained legal translators and an internal review of sub-contracting procedures that The Asia Foundation, an EPRC sub-contractor, is undertaking in its Mongolian operations.

The Gobi Initiative Phase II

Mercy Corps International and PACT

New Record-Keeping Book: A new "Herder Business Record-Keeping Book" was distributed to all Gobi Initiative (GI) herder clients in March to facilitate better records of sales, expenses, and production details on a timely basis.

Client Sales and Loan Applications: Herder client sales during March totaled about \$27,500, including sale of some stored products from 2005. A total of 32 vets and herder groups applied for commercial loans totaling about \$74,800 to finance their 2006 business plans.

New Client Focus: The selection of larger, non-herder business clients was completed in March. Twenty new non-herders are to receive long-term technical assistance from the project to implement their plans. The businesses include compressed coal fuel production, sausage production, hotel and restaurant services, dairy and milk processing, wood carpentry, auto repair and garage services, and bakeries.

Crop Production Planning: GI organized a regional meeting in March for agricultural program officers and *Aimag* (province)-based vegetable consultants to discuss vegetable and fodder crop production plans for 2006. Ten participants discussed the coordination and provision of technical assistance to 42 herder clients that have developed business plans for vegetable and fodder crop production. The participants also discussed new appropriate technologies for soil cultivation and irrigation systems related to vegetable production in the Gobi.

Veterinary Brochures and Video: Veterinary and animal health brochures covering pertinent topics in parasitology and infectious diseases, including zoonotic threats to public health (anthrax, brucellosis, echinococcus), were distributed to all program *aimag* offices for distribution to herder clients in March. Each client will receive a set of 13 brochures for their continuing education. In collaboration with PACT, a training video to complement the "veterinary training for herders" curriculum was developed. The video demonstrates proper techniques for assessing animal health, including physical examination, vital parameters, recognizing signs of disease, and the importance of preventative health care. It also emphasizes the importance of utilizing professional veterinary services. The video had a trial run in March, and will be finalized in April.

RBN News: Eight thousand copies of the first new quarterly Rural Business News magazine were printed and distributed nationally, and a new bi-weekly TV program, *Learning Business*, was launched in cooperation with TV-9. RBN also aired two scheduled programs; one highlighted a souvenir-making business, and the other focused on a dairy business operator. Effective the end of March, RBN radio increased its air time by shifting to 20 minutes on Monday-Thursday, 25 minutes on Friday, and repetitions twice per day. The radio programs include: *For Your Health*, a livestock health program covering timely animal health issues related to the season; *Price Review*, a market watch program; and *Business Guide*, which provides listeners with tips on business topics such as establishing a cooperative and how to register a business.

The Growing Entrepreneurship Rapidly (GER) Initiative

CHF International

In March, 84 businesses were improved or expanded with assistance from GER, 13 new startups were created, 106 people were matched to jobs, and 85 new job placements were generated.

Training and Consulting: GER provided consulting services to 375 clients in March, including 144 new clients, and business training to 487 clients. As the weather began to warm up, many of the services were agriculture-related. In Ulaanbaatar and Erdenet, a bakery specialist helped thirteen client businesses on quality control and new product development; monitoring carried out

ten days later showed an increase in average sales of 5.1% for seven of the clients. In Choibalsan, a GER client increased her monthly sales by 33% and increased the number of repeat customers after offering an unusual televised “prize drawing” in association with Women’s Day. In Darkhan, GER organized agricultural training for eight clients and an agricultural tour for another 38 clients from UB and Choibalsan. And in Ulaanbaatar, GER held its first training session on electrical hazards for 18 clients. GER also provided customer service training for stall traders in Erdenet, and advanced accounting training for 15 clients.

Financial Services: GER facilitated 172 loans worth \$159,550 in March; 48 of the loans (28%) were at least partly for fixed assets. This includes 26 Capital Augmentation Fund (CAF) loans worth \$24,517. The average loan amount is \$930 and the term is ten months. Comparing 2003 loans to 2005 loans, the average GER-facilitated loan is now more likely to be a fixed asset loans (9.2% in 2003 vs. 24% in 2005), with lower interest rates (3.29% in 2003 vs. 2.78% in 2005) and longer loan terms (6.36 months vs. 10.07 months). At the end of March, 36 of the 928 outstanding facilitated loans in the portfolio, and 13 of 183 outstanding CAF loans in the portfolio, were in arrears. Over the life of the project, there have been six defaults in facilitated loans, including one CAF loan.

Information: Some 391 clients accessed information services in March. Almost 25% of the clients were looking for agricultural information and GER sold out of its *khashaa* gardening manual (a *khashaa* is a fenced-in plot of land, usually in a ger area). Other popular information products were accounting booklets and bank information. New GER advertisements were shown on MNTV; and new client registrations were up 15% over February, attributed in part to the commercials—which many partner organizations saw.

Land and Property Meetings: GER worked on land issues with the GoM in Darkhan, Erdenet and Ulaanbaatar. In Darkhan, 260 people attended three days of meetings where representatives from the Land Office explained the land registration process and answered questions. In Erdenet, GER conducted an “open discussion” about land ownership involving the Erdenet city Governors office, the land office, and more than 50 local residents. The residents got answers on land and housing questions, and asked for a decrease in the cost of the real estate confirmation letter required when they apply for bank loans. In Jargalant, GER helped the Erdenet Land Office provide a “one stop shop” for residents to obtain land certificates. Around 50 people attended and 28 residents obtained their certificate or made progress in doing so. In Ulaanbaatar, 80 people attended two meetings in two GER branch offices with the land office.

Social Insurance Meeting: In Ulaanbaatar, GER organized a social insurance meeting with 70 ger residents and the district social insurance inspector. Residents wanted to know the benefits of obtaining private insurance, how it will work when they reach retirement age, how to obtain the insurance for unemployed and self-employed individuals, and how small businesses should ensure their employees are eligible.

Agricultural Meetings: GER held a number of agricultural meetings in March, including with the Choibalsan, Erdenet, and Darkhan Departments of Food and Agriculture (DFA). In Erdenet GER requested help in linking Jargalant vegetable growers to the Erdenet market, which will provide cleaner and healthier food products to Erdenet consumers and help Jargalant producers find a market. In Darkhan, the DFA and GER agreed to organize an Agricultural Trade Fair in April and to help vegetable producers attend the Golden Autumn Trade Fair in the fall in Ulaanbaatar.

Linkages: Sales linkages were up in March, with 29 companies purchasing goods and services from 44 GER clients. The total value of sales linkages was \$6,021, up 12% from February. There were also six new linkages. Seventeen companies were involved with input linkages for the month, and 39 GER clients benefited; the total estimated savings to clients was \$1,600.

Business Associations: GER provided 49 different types of services to 29 business groups in March, involving 161 people. Fifty 50 active business groups are working with the GER Initiative, including one new group in Choibalsan.

Employment Services: GER matched 106 clients with employers in March. It established new relationships with three companies, and signed formal agreements with a training center, a district employment office, and UB Online. Three Employment Days were organized in Ulaanbaatar, and GER conducted Human Resources Management training for 34 small and medium partner employers in coordination with the local employment offices.

Other Activities: GER opened a “mobile office” in Choibalsan in March that will rotate between the four remote Governors Offices each week. It also met with GTZ regarding plans to open a regional economic development project in Darkhan, Erdenet, and Zavkhan in June.

STRATEGIC OBJECTIVE #2

MORE EFFECTIVE AND ACCOUNTABLE GOVERNANCE

Judicial Reform Project (JRP) ***National Center for State Courts (NCSC)***

Wiring the Prosecutors Offices: JRP provided ten computers to the last prosecutors’ offices that had none. All prosecutors’ offices are now automated; they are running the “prosecutor software”, and will be prepared for fuller automation later this year. Three computers were also provided to court accountants to improve budgeting processes.

SIU Website: Programming for the Special Investigative Unit (SIU) website was completed. The website will go on line in April, when the SIU will place information on the website and be able to receive complaints from the public over it.

Court Decision Writing: The JRP and the GTZ jointly conducted two training sessions on court decision-writing using the manual sponsored by the JRP. The first training was for the trainers who will in turn teach judges nationwide this spring and summer, and the second was for Supreme Court Justices and staff. The Supreme Court has adopted the JRP manual as the mandatory standard for decision writing.

Office of the Prosecutor General: JRP Project Director Heike Gramckow visited Mongolia in March and led a two-day follow up seminar with the leadership of the Office of the Prosecutor General, helping them add detail, specificity, and time considerations to their action plan. The 18-point action plan was a result of the study tour to Australia earlier this year where they were shown the Offices of the Directors of Public Prosecutions for New South Wales and Canberra. It addresses ways to improve the management/organization structures, policies and procedures of the Office of the Prosecutor General of Mongolia.

Legal Hour: TV-9 continues to broadcast the new season of “*Huuliin Tsag*” (Legal Hour) produced by JRP in cooperation with GTZ. TV-9 broadcasts the show for free as a public service to educate the public about their legal rights.

Detainee Rights: The JRP poster “Detention Center and Rights of Detainees and Suspects” was distributed in March, and has already been sighted in police stations.

Court Performance Standards: Susanne DiPietro taught a three hour workshop on Trial Court Performance Standards for 20 Chief Judges and their administrative assistants in March. The workshop included general information about court management models and principles.

Mongolian Electoral and Parliamentary Support Project (MEPS)

International Republican Institute (IRI)

Meeting with MP Dondog: On March 13, IRI staff met MP Dondog, Chairman of the State Structure Committee and one of the major MPs working to establish independent committees within the SGH—an idea suggested by IRI. MP Dondog said that ethical rules for MP's have been scheduled for discussion during the spring session of the State Great Hural (SGH), and that the Committee Rules provisions are likely to be discussed during the spring session.

Meeting with US Embassy, USAID and Key Women Politicians: On March 16, IRI helped the US Embassy organize a meeting between U.S. Ambassador Slutz and USAID Representative Waskin with the chairs of the women's organizations of the MPRP, Democratic Party (DP), Citizen's Will Party, and Motherland Party. The chairs briefed the Ambassador on plans for a "Women's Partnership in Politics and Governance" forum in 2006, and exchanged opinions on the current political situation in Mongolia. The challenges and opportunities facing women politicians in light of the passage of 30% quota for women candidates' provision in SGH election law were also discussed.

Work with Key Women Politicians: On March 23, IRI met with the chairs of the women's organizations of the MPRP, DP, Citizen's Will Party, and Motherland Party to discuss issues of mutual cooperation for the second quarter of 2006. It was agreed at the meeting to publish and distribute the first "Women in Mongolian Politics" quarterly bulletin in late April. IRI will fund the printing of 8000-10000 bulletins, and the political parties will be responsible for distribution of the bulletins to women activists and for publicizing the "Women's Partnership in Politics and Governance" forum.

Campaign Finance Proposal: In March, IRI held several meetings with the Chair of the Voter's Education Center (VEC) to finalize the VEC's proposal to IRI for an "Assessment of Campaign Finance legislation of Mongolia" and recommendations for implementing the campaign finance legislation.

Conflict of Interest: IRI worked on a manual entitled "MP's Ethics: Conflict of Interest". The manual was printed in late March and it includes speeches delivered by then-Chair of the Standing Committee on State Structure MP S.Batbold, and Maryland General Assembly Ethics Advisor Bill Sommerville. Fifty copies of the manual will be distributed to MPs in April.

Mongolia Anti-Corruption Support Project (MACS)

The Asia Foundation (TAF)

Anti-Corruption Benchmarking Survey: The Asia Foundation completed data collection in March on the anti-corruption benchmarking survey that will assist in monitoring and evaluating the progress of the GOM and civil society in combating corruption. Sant Maral/Transparency International conducted the first of the semi-annual surveys in five *aimags*, with a total sample size of 1030. Preliminary examination of the raw data are generally encouraging, indicating a very high level of awareness and strong public inclination to participate in anti-corruption activities. Sant Maral will prepare draft analysis that will be presented to USAID on April 17, following which a major public roll-out of the survey will be held.

Anti-Corruption Conference in Malaysia: TAF accompanied a five-member delegation to an ADB/OEC-sponsored anti-corruption conference held in Kuala Lumpur in late March. Representatives from 26 countries participated, and examined specific bilateral and multilateral

initiatives related to the extradition of persons, and to the freezing, seizing, and return of assets. One day was spent with the Anti-Corruption Agency of Malaysia. The purpose of the consultations was to better integrate Mongolia in regional and international forums related to anti-corruption and anti-money laundering, and to inform ongoing work related to the drafting of anti-corruption legislation and the establishment of an anti-corruption agency.

International Collaboration on Capacity Building: Preliminary agreement was reached in March with Hong Kong's Independent Commission Against Corruption (ICAC) and with Malaysia's Anti-corruption Agency to support bilateral training and capacity-building exchanges. The first of these will occur in early May when about three Mongolian delegates will travel to Hong Kong to focus on operational and technical considerations related to establishment of Mongolia's Anti-corruption Agency.

Parliamentary Briefings: Preliminary plans have been laid for an early May briefing of three parliamentary audiences on the Malaysia consultations; observations and feedback on the current draft of the anti-corruption law; and presentation of the benchmarking survey. The three audiences will include the MPRP and Democratic Party caucuses, the Legislative Standing Committee, and the Anti-Corruption Working Group. A senior delegation of UNODC experts and TAF will make presentations to these groups.

OTHER USAID PROJECTS IN MONGOLIA

Eastern Steppe Living Landscape Project

Wildlife Conservation Society (WCS)

In March, the Mongolia Program's GIS and Remote Sensing specialist completed a month of training with the WCS Living Landscapes Program staff in New York. Planning for this summer's field season continued and WCS Country Program Director Amanda Fine prepared for an April return to Mongolia.

Landscape Species Selection: Collection of available data on a list of candidate species for the landscape species selection process for the Eastern Steppe continued in March. This will be an ongoing process and is an important step in the identification of conservation landscapes based on the diverse ecological needs of key wildlife species and the geographic location and severity of wildlife/human conflict.

Important Bird Areas (Eastern Steppe): A detailed map of the Important Bird Areas (IBAs) on the Eastern Steppe has been created and will be used to assist land and wildlife managers to identify and work to protect these important breeding grounds and congregation sites.

Siberian Marmot Population Assessment: Dr. Sue Townsend, a small mammal expert, agreed in March to return to Mongolia this summer to assist with the assessment of marmot populations across the Eastern Steppe and to help develop improved management plans in cooperation with Mongolian scientists and wildlife managers.

Wildlife Trade Laws and Protection: WCS staff worked closely with the U.S. Embassy in Mongolia in March to prepare and submit a proposal on "Building Mongolia's Capacity to Stop the Illegal and Unsustainable Trade in Wildlife" to the U.S. Department of State Bureau of Oceans and International Environmental and Scientific Affairs. The proposal seeks one year of funding.

Avian Influenza: WCS continued to work closely with Mercy Corps/Mongolia and the USAID mission on plans to expand avian influenza surveillance and preparedness in Mongolia.

Community REACH HIV/AIDS Grant PACT

Living Under the Same Sun: The TV production for *Living under the Same Sun* has now begun under acclaimed Mongolian director Batchimeg. The series is being shot in the Gate restaurant, MCS Coca Cola factory, and other select outside locations. PACT attended the shootings, and began working with Mongolian singer-songwriter Otgoo on a theme song for the series. The series will be launched at the end of April, and is expected to be broadcast on TV9.

National Aids Foundation (NAF): PACT signed a sub-grant with NAF in March, and that organization began initial preparatory work on its planned HIV/AIDS prevention sub-project that will work with the high-risk/most-at-risk populations (MARPs) in Mongolia. Potential non-governmental organization (NGO) and community-based organization (CBO) partners were identified and selected based on NAF's NGO selection criteria. Major priorities for the selection process included prior experience working with the community, long-term commitment, community participation, and leadership demonstrated in HIV/AIDS prevention. Two community-based HIV/AIDS prevention proposals for MARPs have been developed, one in Darkhan and the other in Ulaanbaatar. NAF provided technical support in designing a comprehensive prevention program, including budgeting, for two CBOs to carry out the projects, the main activities of which will be outreach and peer-to-peer education. The projects will also enhance the capacity of the CBOs, since their sustainability is of major importance.

Training, Advocacy and Networking (TAN) Project Mercy Corps International

Community Mobilization. To help civil society organizations (CSOs) build closer ties with their communities and become recognized community leaders, the TAN Project focuses on community mobilization activities in selected *baghs* (districts) in target *aimags* in March. Following training on community mobilization, CSO representatives and community leaders undertook a *bagh* needs assessment which identified a range of priority issues: lack of public showers, the need for children's leisure center, the need for *bagh* development centers, the quality of public services, access to public services, civic participation in decision-making, access to drinking water, and planting of trees to slow sand creep.

CSO Capacity Building. Representatives from 35 core CSOs from the target *aimags* were trained in customer service improvement skills in March. The participants conducted surveys reaching around 540 customers of CSOs using self-designed questionnaires. Following the surveys, focus group meetings were held. Eighteen CSOs developed service improvement measures to be included in their organizational development plans, and seventeen CSOs visited CSOs in other *aimags* to share information. On their return home, CSOs will conduct surveys and focus group meetings with their customers and develop service improvement measures.

Procurement Research and Technical Assistance. With support from Peace Corps volunteers, TAN is conducting an evaluation of the public procurement project that was implemented in Uvurhangai. The questionnaire has been developed to collect feedback from the government agencies, CSOs, and their clients on participation in the project. TAN discussed future ways of cooperation with the Procurement Policy and Coordination Department (PPCD) of the Ministry of Finance in March, and the PPCD agreed to coordinate with the Ulaanbaatar Procurement Development Center and TAN on the delivery of procurement training for CSOs in the target *aimags*.

COUNTRY NEWS

Untimely Death of MP O. Enkhsaikhan. Member of Parliament O. Enkhsaikhan died March 26 of liver disease while undergoing treatment in Japan. He was 36.

Visit of Former Secretary of State Baker. Former US Secretary of State James Baker visited Mongolia in March, holding discussions with President Enkhbayar, Prime Minister Enkhbold, and Minister of Industry and Trade B. Jargalsaikhan to discuss the stalled Ivanhoe Mines stability agreement. The visit received broad press coverage.

Return of the Mongol Hordes: Among plans for this 800th anniversary of the Mongolian state is the recreation of a 500-horse Chinggis Khan warrior cavalcade. The 500 horsemen will display combat skills and gear of the 13th century. Starting on July 10, the day before this year's Nadaam festivities begin, they are expected to perform up to 30 times through the end of August. The event is being organized with assistance from the Japanese.

Mongolian Sumo Wrestlers Clean up in Japan: Mongolia's delegation of seven sumo wrestlers cleaned up at the international sumo matches held in Japan in March. The Mongolians finished first and second; four of the seven were in the top six; and all seven Mongolian wrestlers put up winning records.

Composition of Foreigners in Mongolia: Montsame reported that in the first quarter of 2006, a total of 6,500 foreign citizens from 72 different countries were working in Mongolia. Compared to the same period of the previous year, the number of foreign workforce increased by 14.6% or 800 persons. Of the foreigners working here, 83.6% are males employed under labor contracts; 31.3% are Chinese citizens, 24.8% Russians, 8.1% Ukrainians, 5.5% Koreans, and 4.7% Americans. Compared to the same period last year, the number of the Chinese and Korean citizens grew by 5.7% and 52.4%, respectively, while the number of Ukrainian, Russian, and Kazakh citizens declined. According to the statistics, half of all foreigners employed under labor contracts are working in the mining sector.

25th Anniversary of Mongolia in Space: The 25th anniversary of the first Mongolian to travel in space, Astronaut J. Gurrachaa, was celebrated in March. The space trip took place in a Soyuz-39 spacecraft in 1981.

And Finally...Giant Worms: Last but not least, the Mongolian Academy of Sciences reported another sighting of the giant Gobi worm in March. First reported by Marco Polo in 1245, the Gobi worm is said to be capable of growing up to seven meters (23 feet) long. The giant, segmented, nocturnal worm, which normally lives underground and has never been photographed, is the source of herder complaints that it regularly feeds on sheep, goats, and other livestock. The Academy of Sciences is applying for inclusion of the worm in the Guinness Book of World Records.